

## **The complaint**

Mr C complains that a car acquired under a hire purchase agreement with Volkswagen Financial Services (UK) Limited trading as Volkswagen Financial Services (“VWFS”) wasn’t of satisfactory quality when it was supplied to him.

## **What happened**

Both parties are familiar with the background of this complaint so I will only summarise what happened briefly here.

In October 2023, Mr C entered an agreement to acquire a used car. Mr C paid a deposit of £1,750, and the purchase balance was provided by VWFS under a hire purchase agreement. The car was two years old and had covered approximately 33,200 miles when the agreement started. The agreement was for 60 months, with 60 monthly repayments of £720.23. The cash price of the car was £33,999.

Between December 2023 and March 2025 Mr C had to return the car to a manufacturer-approved garage for repair. These repairs included:

- Amendment to front and rear light settings
- Fan noise, and fogging of headlights
- Rear spoiler delaminating and falling off
- Coolant warnings
- Suspension issues – with suspension bushes, arms and knuckles being replaced
- Brakes stripped and tested
- High voltage (HV) battery replaced

All repairs were completed under the manufacturer’s warranty. Following the last repair, when the HV battery was replaced, Mr C got in contact with VWFS. He said he had lost confidence in the car, and the number of repairs suggested it wasn’t fit for purpose. He wanted to reject the car. VWFS responded to say they accepted the HV battery replacement could render the car as unsatisfactory quality, but repairs had been completed so rejection wasn’t an option. They offered to refund Mr C a full month’s repayment, as the car had been in the garage for repair for that equivalent of time, and £150 compensation to reflect the inconvenience he’d experienced.

Mr C brought his complaint to our service. Our investigator upheld it and amended VWFS’s offer slightly. As well as asking VWFS to refund one full months’ repayment, she asked them to refund 10% of each monthly repayment Mr C had made between December 2024 and June 2025. She also asked them to increase the total compensation to be paid to £450.

VWFS accepted our investigator’s recommendation.

Mr C didn’t. He maintained that he wanted to reject the car, as it had shown numerous faults and he didn’t consider it to be fit for purpose. He said the fact all the repairs had been completed under warranty supported his claim for rejection.

As Mr C hasn't agreed, the complaint has been passed to me to decide.

### **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

When considering what is fair and reasonable, I'm required to take into account: relevant law and regulations, relevant regulatory rules, guidance and standards and codes of practice.

Both parties have provided a lot of information in this case. I'd like to reassure them both that I've read and considered everything that's been sent. But, I will be focussing my comments on what I think is relevant. If I don't comment on a specific point, it isn't because I haven't considered it, but because I don't think I need to comment in order to reach what I think is the right outcome. This is not intended as a discourtesy but reflects the informal nature of this service in resolving disputes.

I'm aware that Mr C has informed our investigator of subsequent issues he's had with the car, in relation to the tyre pressure monitoring system and, more recently, the car coming to a sudden standstill. As VWFS haven't had the opportunity to consider those issues, and they weren't a part of Mr C's initial complaint to VWFS or to our service, they haven't been considered when making my decision. Mr C will need to take any additional concerns he might have to VWFS and allow them the opportunity to respond. At that point, he might be able to bring a new complaint to our service.

Mr C has also mentioned other decisions made by our service, that he thinks demonstrate why he should be allowed to reject the car. However, my role is to look at this complaint only, and make my decision based on the individual circumstances of it. Each case is assessed on its own merits.

As the hire purchase agreement is a regulated consumer credit agreement this service is able to consider complaints relating to it. VWFS are also the supplier of the goods under this type of agreement and are responsible for a complaint for a complaint about their quality.

The Consumer Rights Act 2015 (CRA) also covers agreements like the one Mr C entered. Because VWFS supplied the car under a hire purchase agreement, there's an implied term that it is of satisfactory quality at the point of supply. Cars are of satisfactory quality if they are of a standard that a reasonable person would find acceptable, taking into account factors such as, amongst other things, the age and mileage of the car and the price paid.

The CRA also says that the quality of goods includes their general state and condition, and other things like their fitness for purpose, appearance and finish, freedom from minor defects and safety can be aspects of the quality of the goods.

Satisfactory quality also covers durability. For cars, this means the components must last a reasonable amount of time. Of course, durability will depend on various factors. In Mr C's case, the car was used and had covered approximately 33,200 miles when the agreement started. So, I'd have different expectations of it compared to a brand-new car. Having said that, the car's condition should have met the standard a reasonable person would consider satisfactory, given its age, mileage, and price.

In this case, all parties seem to agree that the car wasn't of satisfactory quality when it was supplied to Mr C. Mr C believes that the number of faults and repairs needed render the car as unfit for purpose, whereas VWFS consider the need for a battery replacement to be the only fault that would make the car of unsatisfactory quality, and they made an offer while the

case was with our service, to try and settle this complaint. For completeness, I'm more satisfied than not that the need for a battery replacement could suggest the car wasn't sufficiently durable – it had covered approximately 52,000 miles when the battery was replaced. However there is a lack of evidence to confirm why any of the other faults occurred, and that they would have been present or developing at the point of supply.

Mr C has said that the garage repaired all the faults under the manufacturer's warranty, which suggests an acceptance that the car wasn't fit for purpose. However, I'm not considering what the garage did, or how they decided to settle the repairs. That is a question for them and the manufacturer. I'm only looking at how VWFS have handled things as the supplier of the goods in this case.

Mr C didn't bring any of the faults to VWFS's attention until March 2025. And it's only at that point that he asked to reject the car. I haven't seen any evidence to show that he had entered into any conversation about rejection of the car with the garage while the repairs were being completed. The CRA allows for an opportunity to repair the car, and Mr C has accepted the repairs whenever they've been required. Those repairs seem to have worked at the time that VWFS were considering his complaint, so in turn they've brought the car back into conformity with the contract.

When VWFS were notified by Mr C of his concerns, there were no current faults with the car, and one of the remedies under the CRA had already been put in place. Because of that, I'm satisfied VWFS acted reasonably towards Mr C by not allowing him to reject the car. There wasn't a reason for them to take the car back at that point, as the faults had been rectified and the car was operating as it was expected to do.

However, VWFS have accepted that Mr C was without use of the car for a period of time. Our investigator has recommended that Mr C should receive one full month repayment back – which VWFS had already offered to Mr C in their final response – along with 10% of each monthly repayment made between December 2024 and June 2025, to reflect the loss and impaired use Mr C had of the car while repairs were needed. I'm satisfied that's a fair resolution to reflect the time Mr C has spent at the garage since being supplied with the car.

VWFS have also agreed to pay Mr C a total of £450 compensation to reflect the inconvenience he's been caused. It's clearly been a troubling time for him. No amount of money can change what's happened, but the amount of compensation VWFS have agreed to pay is in line with what I would have awarded in this case. I'm satisfied the impact of all this has caused Mr C considerable distress, upset and worry – and/or significant inconvenience that has needed a lot of extra effort to sort out. I'm satisfied VWFS's offer to pay £450 recognises that upset.

I'd like to remind Mr C that he's able to reject this decision if he feels he can achieve a better outcome by alternative means, such as through the courts.

### **My final decision**

For the reasons above, I uphold this complaint. Volkswagen Financial Services (UK) Limited trading as Volkswagen Financial Services must:

- Refund one month's repayment to Mr C to reflect the time he was without use of the car.
- Refund 10% of each month's repayment between December 2024 and the date of the final response letter (December 2024 until June 2025).
- Pay 8% simple interest on all refunded amounts, from the date of payment until the date of settlement.\*

- Pay Mr C a total of £450 compensation to recognise the inconvenience and upset this matter caused him.

\*If Volkswagen Financial Services (UK) Limited trading as Volkswagen Financial Services consider they're required by HM Revenue & Customs to deduct income tax from that interest, they should tell Mr C how much they've taken off. They should also give Mr C a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 19 February 2026.

Kevin Parmenter  
**Ombudsman**